

## Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-11 ISO-00 STRE-00 SSO-00 NSCE-00

USIE-00 INRE-00 AF-06 ARA-06 EA-07 NEA-10 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 PRS-01 SP-02 OMB-01

OIC-02 FEA-01 ( ISO ) W

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O R 131255Z FEB 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC IMMEDIATE 1139

INFO USMISSION EC BRUSSELS

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STR FOR ACTION

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJECT: DEVELOPED COUNTRY TOUR D'TABLE ON TROPICAL PRODUCTS

SUMMARY. LUYTEN HOSTED DEVELOPED COUNTRY LUNCHEON (DELAYED FROM LAST WEEK BECAUSE HE WAS ILL). PARTICIPANTS INCLUDED EC (LUYTEN, ABBOTT AND SERVAIS OF BELGIUM), JAPAN (UKAWA), AUSTRALIA (WARWICK-SMITH), CANADA (CLARK), SWEDEN (COLLIANDER), AND U.S. (WALKER). MAIN TOPIC WAS TROPICAL PRODUCTS.

1. DATE FOR OFFERS. ALL THE COUNTRIES SAID THEY WERE PREPARED TO MEET THE MARCH 1 DATE (THOUGH LUYTEN NOTED EC COUNCIL SCHEDULED TO MEET ON THIS TOPIC MARCH 1 AND 2 AND THERI DECISION COULD, THEREFORE, BE DELAYED UNTIL MARCH 2).

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2. MFN VERSUS GSP. EC STATED ITS OFFER LIST WOULD INCLUDE BOTH MFN AND GSP CONCESSIONS WITH MFN REPRESENTING A LARGER TRADE VOLUME. U.S. STATED OFFERS WOULD BE MFN ONLY, DEPLORED USE OF GSP IN TP EXERCISE SETTING FORTH OUR WELL-KNOWN RATIONALE AND URGED COUNTRIES CONSIDERING GSP OFFERS TO CHANGE TO MFN. JAPAN STATED ITS OFFER WOULD BE ABOUT HALF AND HALF MFN AND GSP. ITS MFN OFFERS WOULD EITHER BE CUTS OF 50 PCT ON CURRENTLY-BOUND ITEMS OR BINDINGS AT THE 25 PCT UNILATERAL REDUCTION LEVEL THEY HAVE ALREADY IMPLEMENTED. THEIR GSP OFFER WILL INCLUDE SOME WAIVERS OF JAPANESE CEILING REQUIREMENTS WHICH ARE COMPARABLE TO OUR COMPETITIVE NEED LIMITATIONS. JAPANESE STRESSED IMPORTANCE TO THEM OF MAINTAINING CONFIDENTIALITY OF THEIR OFFER LIST. CANADA WILL OFFER A MIXTURE OF MFN AND GSP CUTS. SWEDEN WILL DO THE SAME. AUSTRALIA WILL OFFER MFN CUTS ONLY. IN RESPONSE TO U.S. CRITICISMS OF USING GSP IN TP EXERCISE, OTHER DELS REITERATED TOKYO DECLARATION COMMITMENT TO IMPROVING GSP AND OBSERVED THAT PURPOSE OF THIS EXERCISE WAS TO BENEFIT LDCS ON A PREFERENTIAL BASIS. SWEDEN STATED THAT THEY VIEWED TP EXERCISE AS "A UNILATERAL GIFT" AT THIS STAGE OF THE NEGOTIATIONS. CANADA SAID THIS WAS A FAIR REFLECTION OF THEIR VIEW AS WELL.

3. CIRCULATION OF LISTS. JAPAN AND AUSTRALIA COMMITTED TO EXCHANG OF LISTS ON BILATERAL BASIS. U.S. STATED WE SAW ADVANTAGES TO THIS PROCEDURE BUT WERE NOT YET COMMITTED. CANADA, SWEDEN AND EC LEANING TOWARD SINGLE CONSOLIDATED LIST FOR CIRCULATION TO ALL PARTICIPANTS, THOUGH THEY INDICATED SOME FLEXIBILITY. ALL DELS AGREED WE SHOULD AVOID CIRCULATION PROCEDURE THAT WOULD TEND TO MULTILATERALIZE TP EXERCISE. AN ALTERNATIVE WHICH THE EC PUT FORWARD WAS FOR COUNTRIES TO CIRCULATE OFFERS ON A BILATERAL OR CONSOLIDATED BASIS, AS THEY CHOOSE. LENGTHY DISCUSSION PRODUCED CONSENSUS THAT COUNTRIES SHOULD CONSIDER BILATERAL CIRCULATION PROCESS ON "TRADE INTEREST" BASIS BUT NOT REPEAT NOT VIA SECRETARIAT. SECRETARIAT, UNDER THIS FORMULATION, WOULD SIMPLY BE GIVEN INFORMATION COPIES WITH INSTRUCTIONS NOT TO DISCLOSE OR CONSOLIDATE THE LIST. NO DECISIONS TAKEN BUT DELS AGREED TO REFLECT ON THE PROBLEM. FURTHER OPPORTUNITIES FOR DISCUSSION WILL LIMITED OFFICIAL USE

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TAKE PLACE DURING RESTRICTED MEETING IN MATHUR'S OFFICE TOMORROW AFTERNOON AND AT TIME OF TPG MEETING NEXT WEEK.

4. LDC CONTRIBUTIONS. U.S. IS ONLY COUNTRY AMONG THESE DELS SEEKING LDC CONTRIBUTIONS IN CONTEXT OF TP EXERCISE. ALL OTHERS ARE CONTENT TO SEEK LDC CONTRIBUTIONS LATER "BEFORE THE END OF THE TOKYO ROUND."

5. UNCTAD PARTICIPATION. ALL DELS INDICATED THEY WOULD NOT CIRCULATE OFFERS TO UNCTAD. THERE WAS CONSIDERABLE SENTIMENT FOR REMOVING UNCTAD'S OBSERVER STATUS IN THE TPG AFTER REPEAT AFTER THE FEBURARY 16 MEETING, BUT NO COMMITMENTS. MOST DELS HAD NOT FOCUSED ON QUESTION AND AGREED TO REFLECT ON IT. EC WAS AT PAINS TO POINT OUT THAT IF DEVELOPED COUNTRIES WERE TO DECIDE UNCTAD SHOULD BE EXCLUDED, IT WOULD HAVE TO BE A TWO-PART DEAL; FIRST, THE DCS WOULD HAVE TO STICK TO THEIR DECISION, AND SECOND, THEY WOULD HAVE TO REFRAIN FROM POINTING THE FINGER AT ONE ANOTHER AS HAVING INITIATED OR SUPPORTED THE PROPOSAL. THERE WAS GENERAL AGREEMENT THAT IF THIS DECISION WERE TAKEN, DC SOLIDARITY WOULD BE NECESSARY.

6. NEXT MEETING. ALL DELS AGREED THAT IT WAS UNDESIRABLE TO HAVE AN EARLY MEETING OF THE TPG FOLLOWING MARCH 1 CIRCULATION OF OFFERS AND THAT IT WOULD BE DESIRABLE, IF POSSIBLE, TO AVOID A MEETING BEFORE UNCTAD IV, ALTHOUGH ALL BELIEVED THERE WOULD BE SUBSTANTIAL PRESSURE FOR SUCH A MEETING IN APRIL.

7. DC COOPERATION. JAPANESE EMPHASIZED IMPORTANCE OF AVOIDING SITUATION WHERE ECS CAN BE WHIP-SAWED BY LDCS DURING TP EXCERCISE. EC ENTHUSIASTICALLY SUPPORTED THIS POINT AND GROUP GENERALLY AGREED IT WOULD BE DESIRABLE, AT SOME POINT, FOR FULL EXCHANGE OF OFFER LISTS.

8. IMPLEMENTATION. EC STATED JULY 1, 1976, WAS TOO SOON FOR EC TO IMPLEMENT BUT THAT JANUARY 1, 1977, WOULD PROBABLY BE FEASIBLE. JAPANESE SAID THEY INTEND TO STATE INTENTION TO IMPLEMENT ON APRIL 1, 1977. HOWEVER, THEY ALSO POINTED OUT THE RELATIONSHIP BETWEEN MFN CUTS IN TP EXCERCISE WITH OVERALL TARIFF-CUTTING APPROACH AND STRESSED IMPORTANCE OF LIMITED OFFICIAL USE

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REACHING AGREEMENT ON LATTER ISSUE BY ABOUT OCTOBER 1 FOR TP RESULTS TO BE READY FOR PRESENTATION TO JAPANESE DIET BEGINNING IN JANUARY 1977. U.S. STATED WE BELIEVED IMPLEMENTATION DATE NOW PREMATURE. WALKER

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## Message Attributes

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**Draft Date:** 13 FEB 1976  
**Decaption Date:** 01 JAN 1960  
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**To:** STATE  
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